

2Q25

Broward Office Market Overview



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Market Observations



- The market's unemployment rate increased by 29 basis points year over year to 3.4% at the end of May 2025. The rate remains well below the national average of 4.2%.
- Despite recent national economic headwinds, job growth increased by 1.3% year over year to 937,400 jobs by the end of May 2025, overtaking the national average of 1.1% for the first time since September 2024.
- Most sectors reported employment growth. In the office-using sectors, business & professional and financial activities reported year-over-year growth of 0.7% and 1.2%, respectively. Meanwhile, the information sector contracted by 2.3% over the same period.
- Office using jobs reached a new record high of 269,611 employees, marking a 0.6% growth year over year.



- All five of the largest deals in the second quarter of 2025 were renewals or extensions, underscoring both tenant commitment to existing locations and the limited availability of quality space in the market.
- The tenants behind the quarter's five largest deals have been in the market for decades, underscoring sustained demand.
- All five deals were signed across different submarkets showcasing the demand for office space is not centralized to just the core urban.
- The largest deal of the quarter was the South Florida Community Care Network renewing their lease at the at Sawgrass Technology Park, where they have been a tenant since 2018.



Leasing Market Fundamentals

- Annual full-service asking rental rates increased slightly by 1.1% quarter over quarter to a new all-time-high of \$38.14/SF.
- Vacancy rose by 10 basis points quarter over quarter to 15.1% as demand softened and supply remained stagnant.
- There is one 174,790-SF project currently under construction, the T3FAT Village East developed by Hines, which is 21.5% pre-leased and slated for a 2026 delivery. Apart from the project currently underway, there have been no other new construction starts over the past year.
- Total leasing activity for the second quarter was 666,816 SF, reflecting a 12.4% decrease from the previous quarter. The average lease size rose by 235 SF to 3,004 SF, though this remains below the pre-pandemic average of 3,632 SF from 2008 to 2019.



Outlook

- The Broward County office market will continue to see growth, albeit somewhat muted, driven in part by cheaper rents than other South Florida markets and overall growth in the office-using employment sectors.
- Office investment activity will remain low in the near term due to a steeper cost of debt and investors seeking opportunities in markets with higher levels of distress.
- The rent spread between Class A and Class B assets will likely continue to narrow marginally. This trend may push more tenants to shed unused space and lease smaller footprints in higher-quality assets.
- In the near term, demand is expected to outpace supply in the market due to muted construction activity. As a result, vacancy rates are anticipated to gradually decline.

1. Economy
2. Leasing Market Fundamentals
3. Supplemental Information

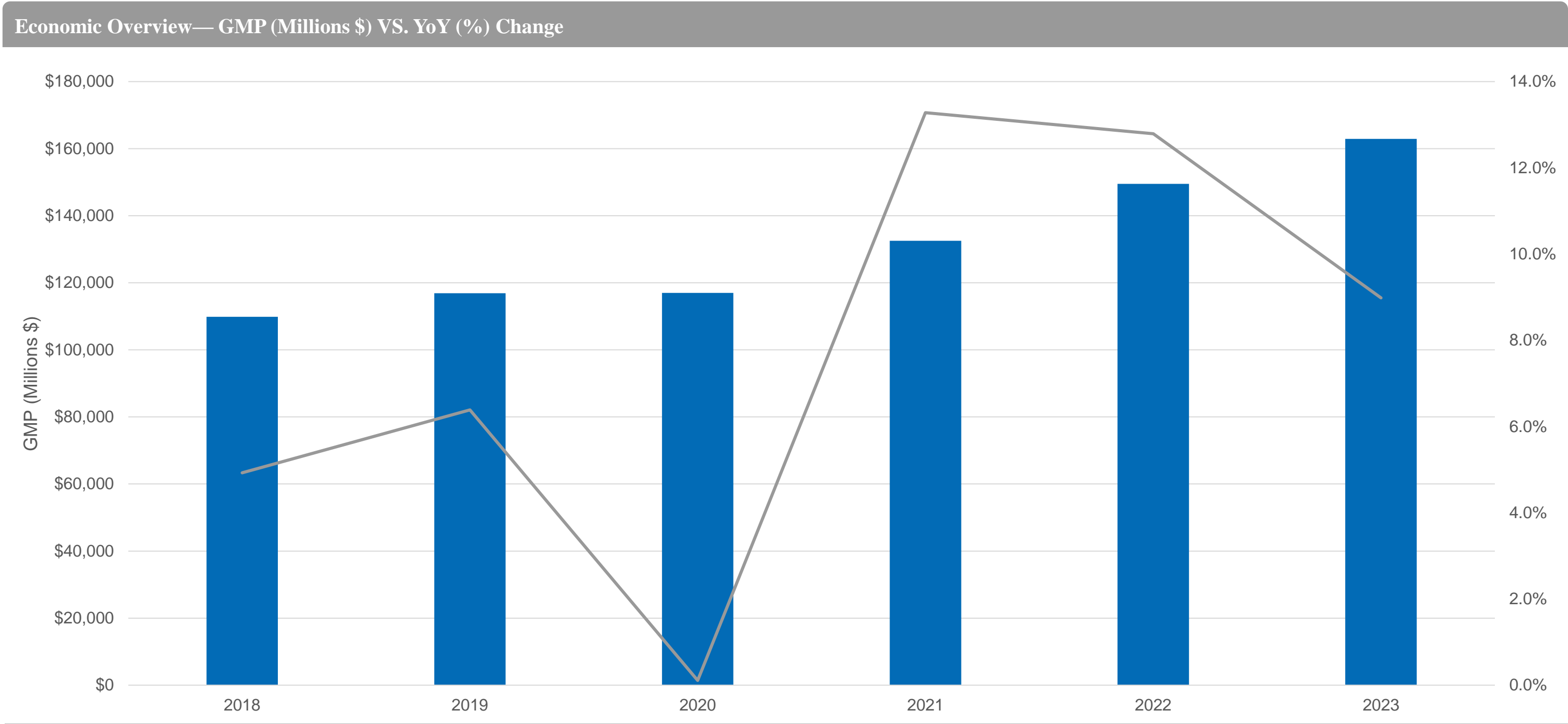
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Economy



Broward Gross Metropolitan Product

The gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. Most recently, the gross metropolitan product rose 9.0% year over year to reach a new all-time high of roughly \$163 billion.

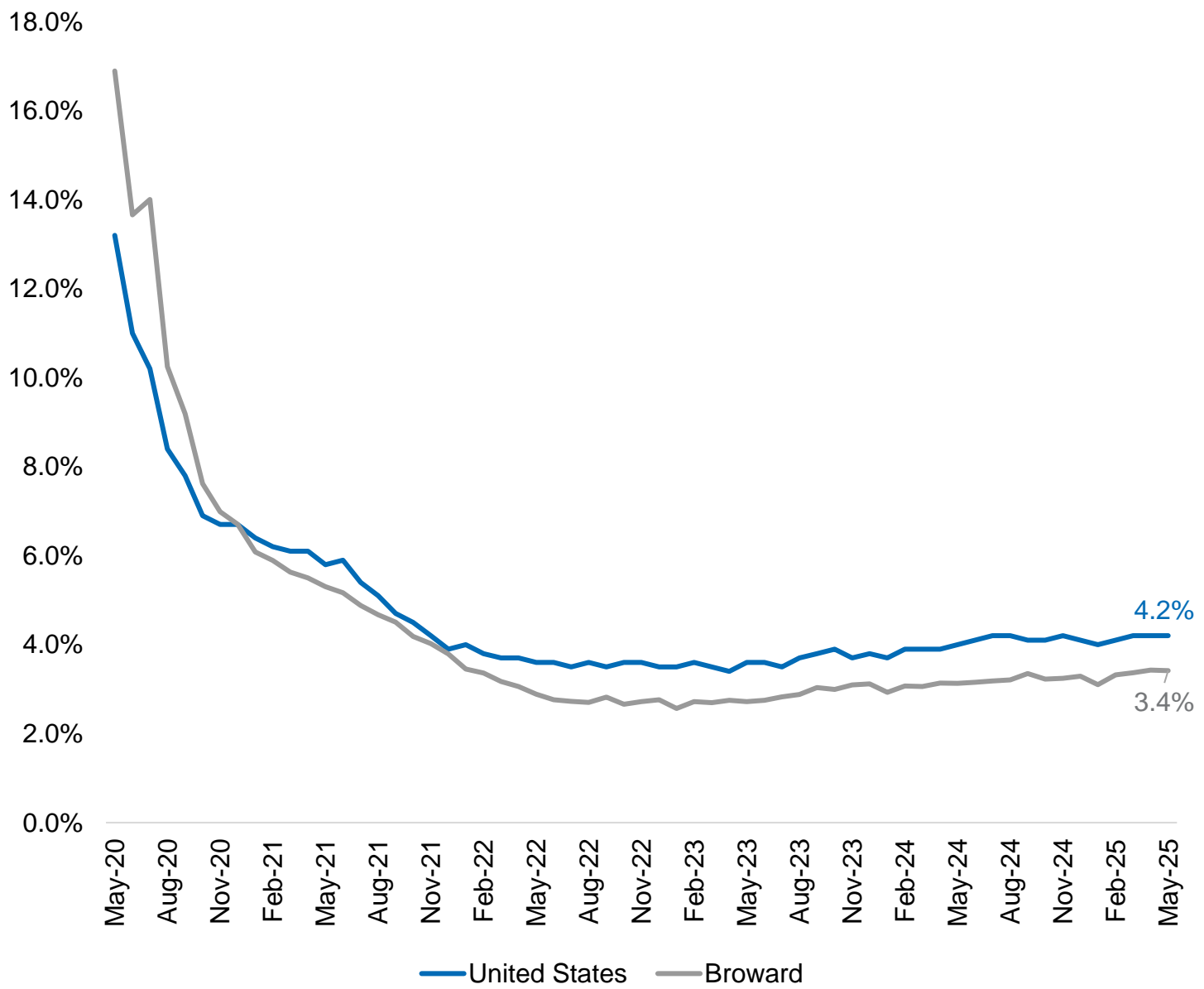


Source: Moody's

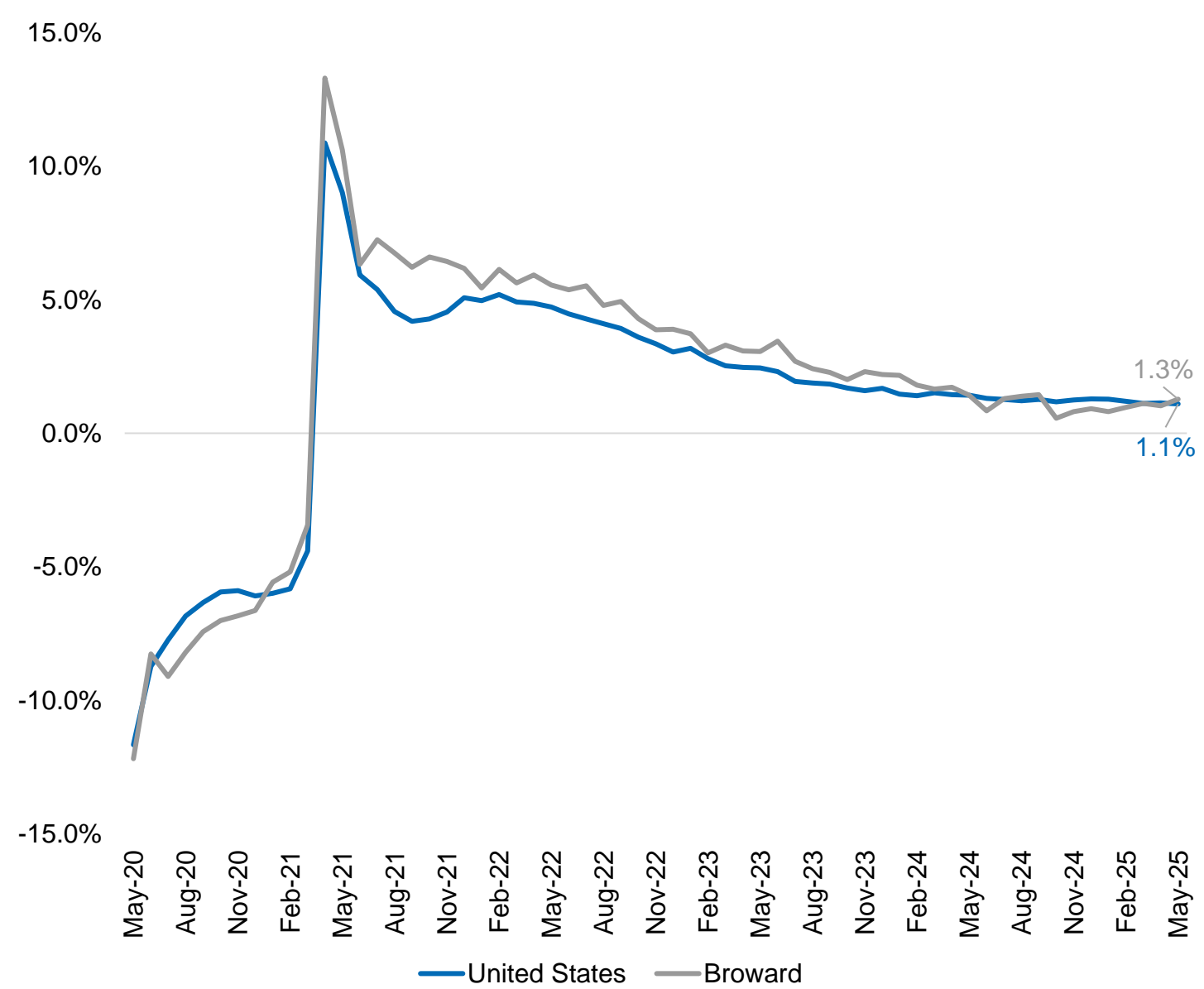
Pace of Broward's Job Growth Overtakes National Average

Broward's unemployment rate has remained below the national average since January 2021, rising by 29 basis points year over year to 3.4% as of May 2025. Broward's employment growth generally, outpaces the national average, but since March 2024 has been oscillating around the national growth rate. The market outpaced national employment growth for the first time since September 2024, though its growth rate has dipped by 15 basis points year over year to 1.3%.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change



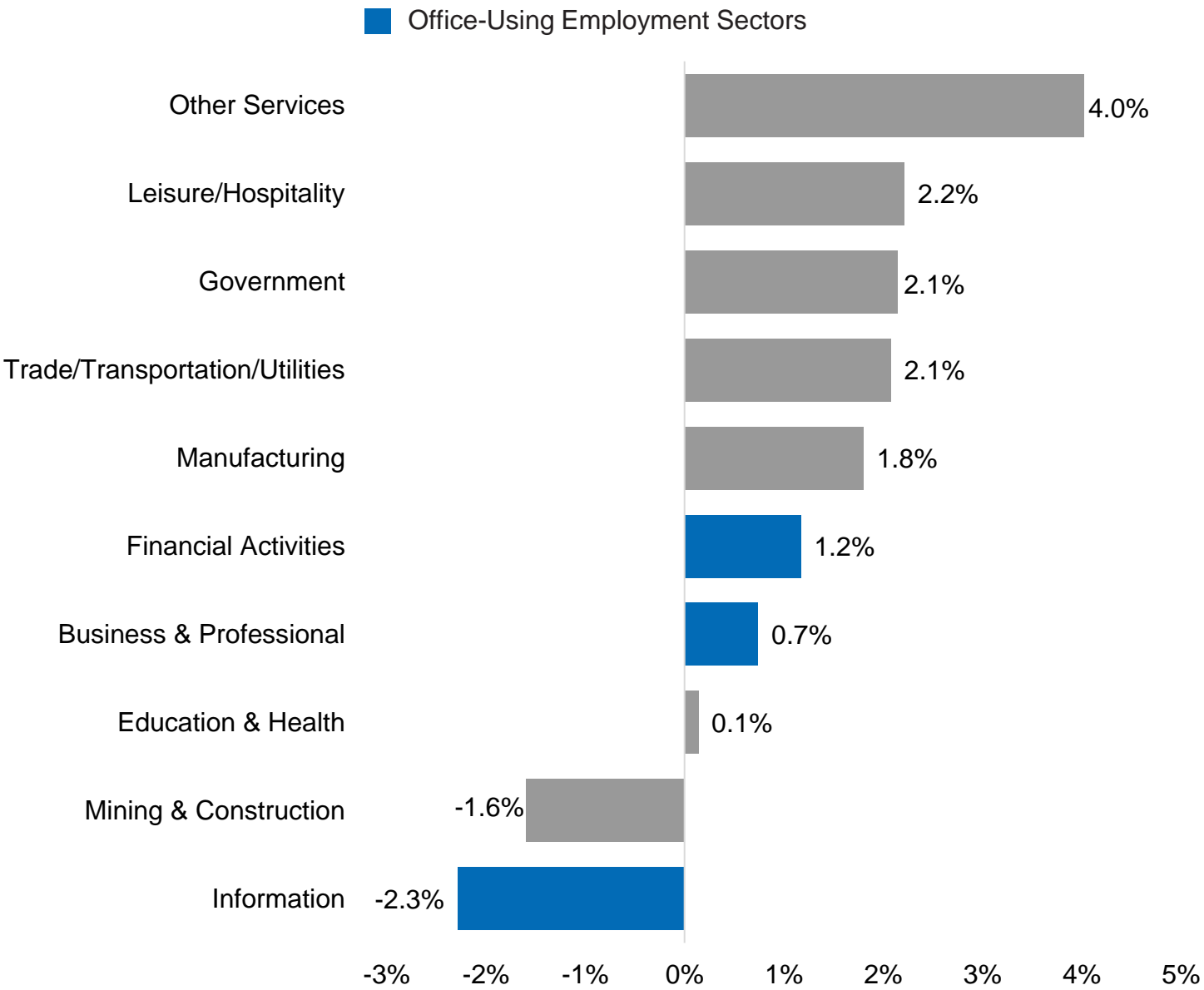
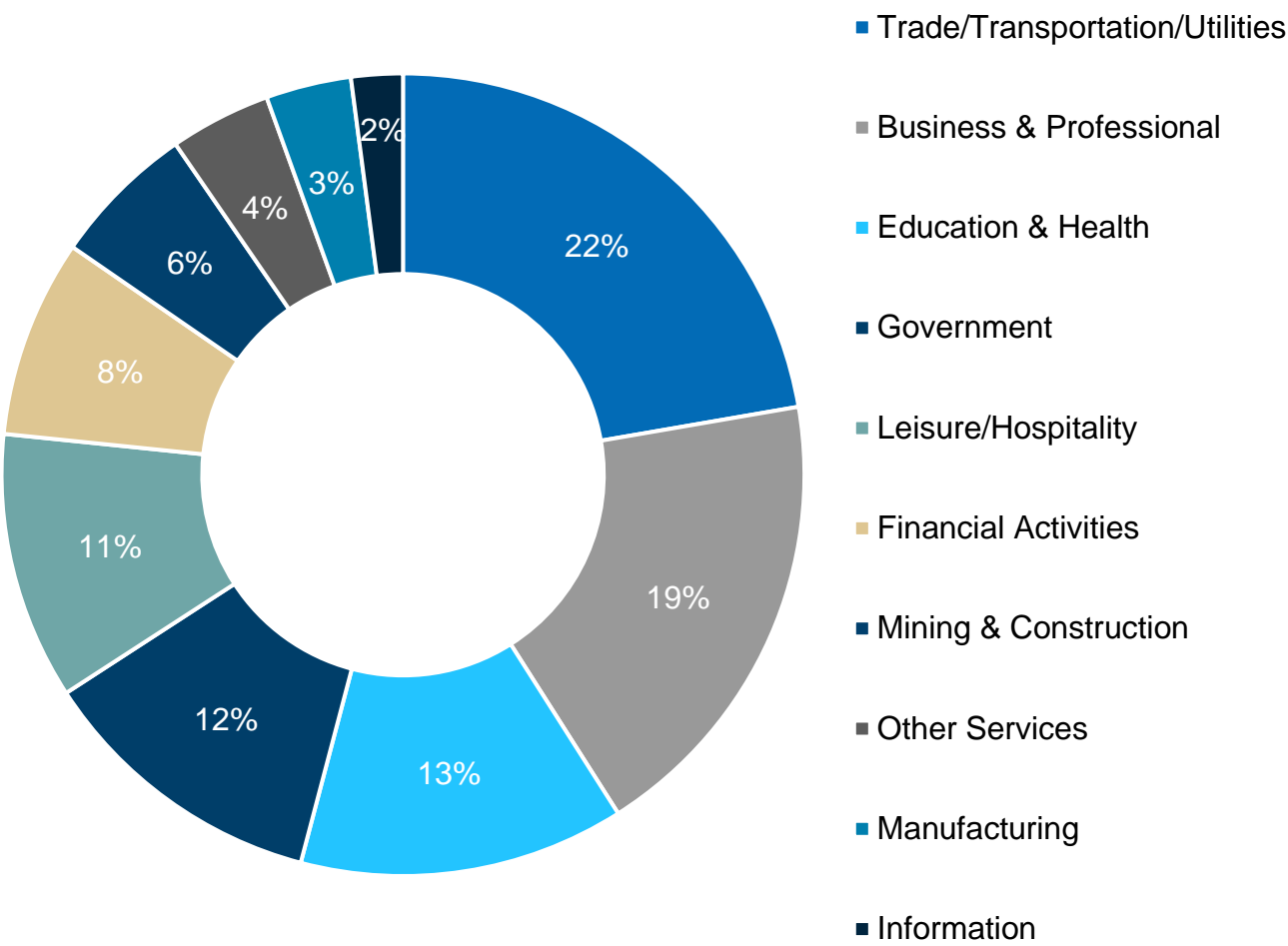
Source: U.S. Bureau of Labor Statistics, Broward County

Most Office-Using Sectors Report Employment Growth

The Broward market’s top two industries account for 41.0% of the market’s employment share. The office-using employment’s business and professional sector is the second-largest in the metro at 18.7%. All employment sectors reported growth except for the information and mining and construction sectors. Office-using employment in the business and professional and financial activities sectors grew by 0.7% and 1.2% year over year, respectively. Meanwhile, the information sector contracted by 2.3% over the same time period.

Employment by Industry, May 2025

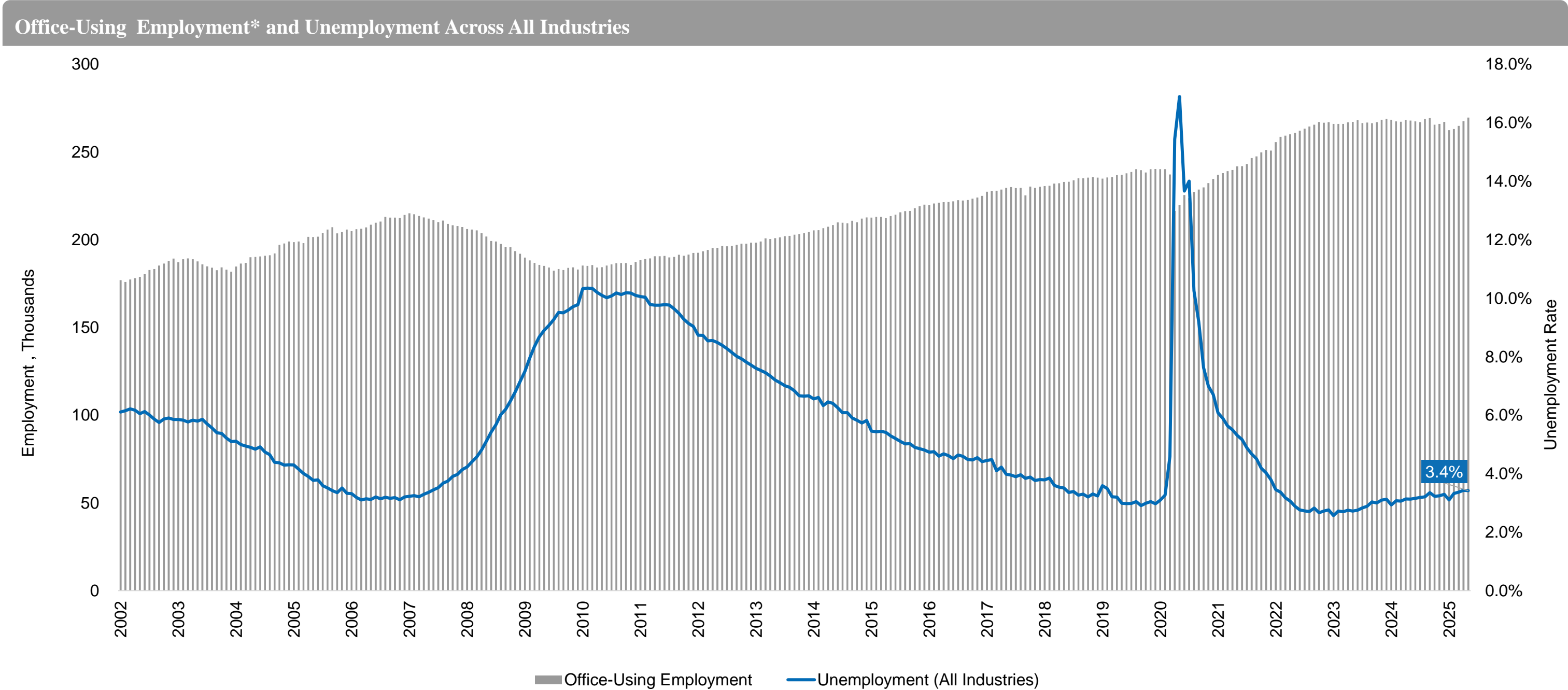
Employment Growth by Industry, 12-Month % Change, May 2025



Source: U.S. Bureau of Labor Statistics, Broward County

Office-Using Employment Reaches New Record High

The decline in employment within the information sector was eclipsed by the growth observed in financial activities and business and professional sectors resulting in office-using employment in the Broward market increasing by 0.6% year over year to an all-time high of 269,611 employees. Currently, the seasonally adjusted unemployment rate is at 3.4%, which is slightly above the average of 3.1% reported in 2019.



Source: U.S. Bureau of Labor Statistics, Broward County
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

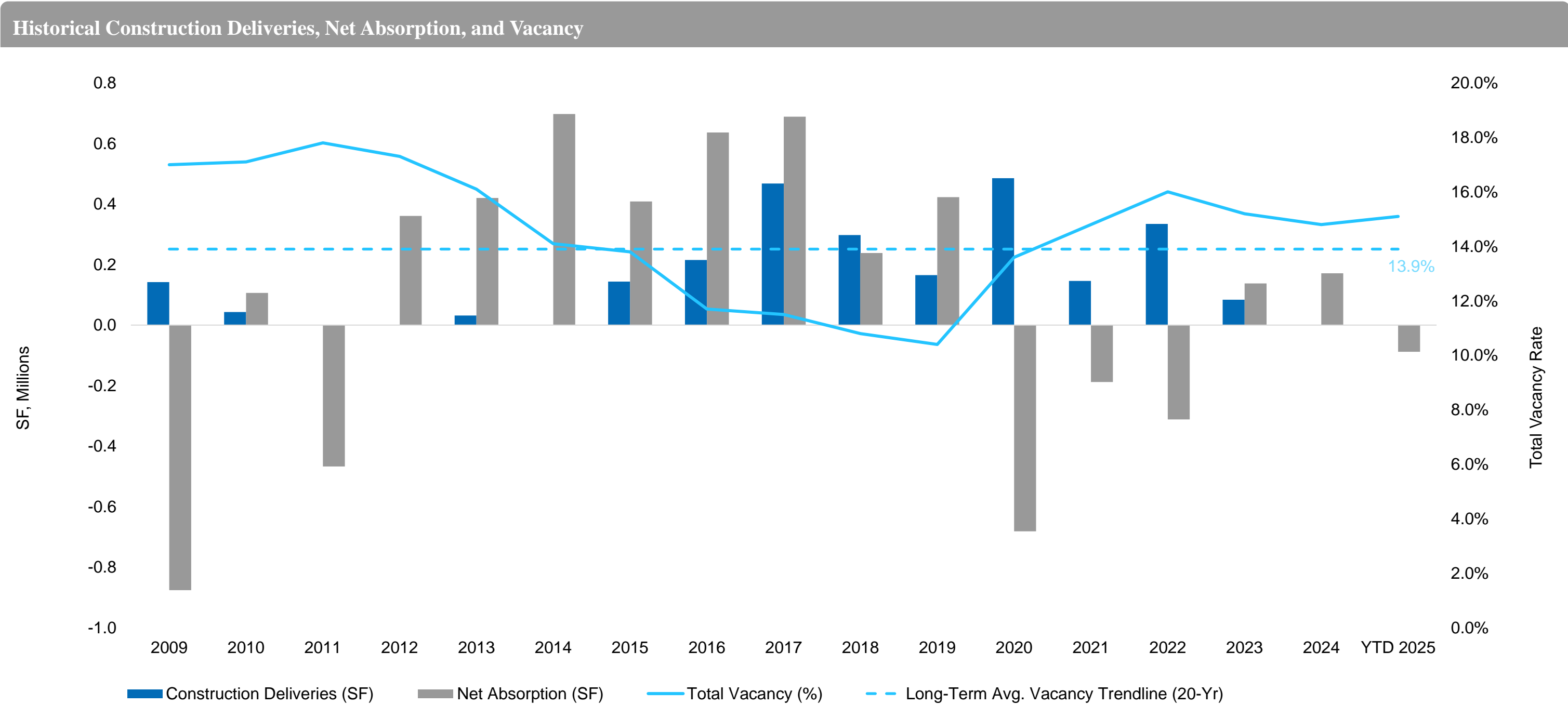
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Leasing Market Fundamentals



Vacancy Remains Elevated as Demand Weakens

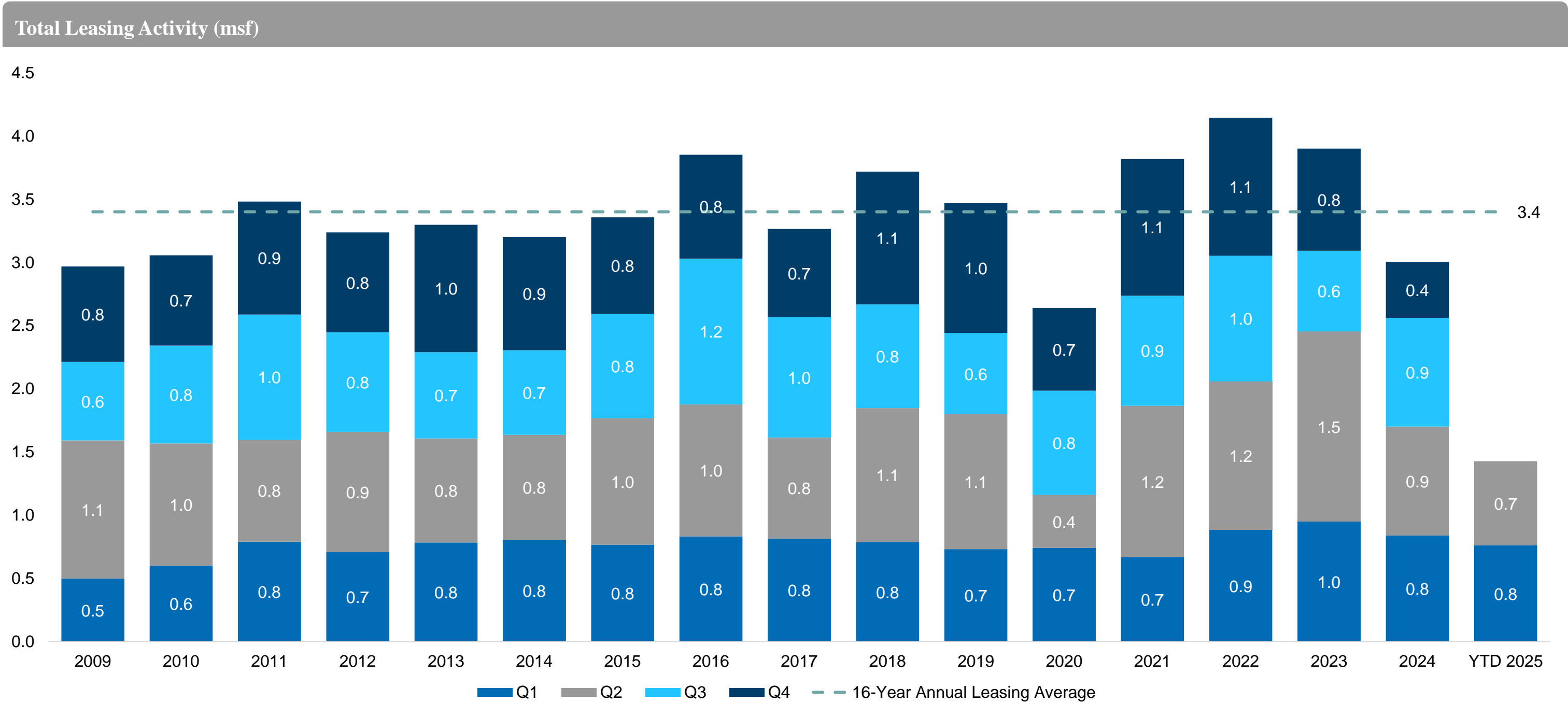
Net absorption in the second quarter of 2025 was negative 27,763 SF, bringing year-to-date absorption to negative 88,103 SF. As a result, vacancy rose by 10 basis points quarter over quarter to 15.1%, remaining above the 20-year average of 13.9%. The market has reported no new deliveries for five consecutive quarters. As a result, demand is expected to outpace supply in the near term.



Source: Newmark Research, CoStar

Tenants Continue to Prefer Smaller Spaces, Despite Increase in Deal Size

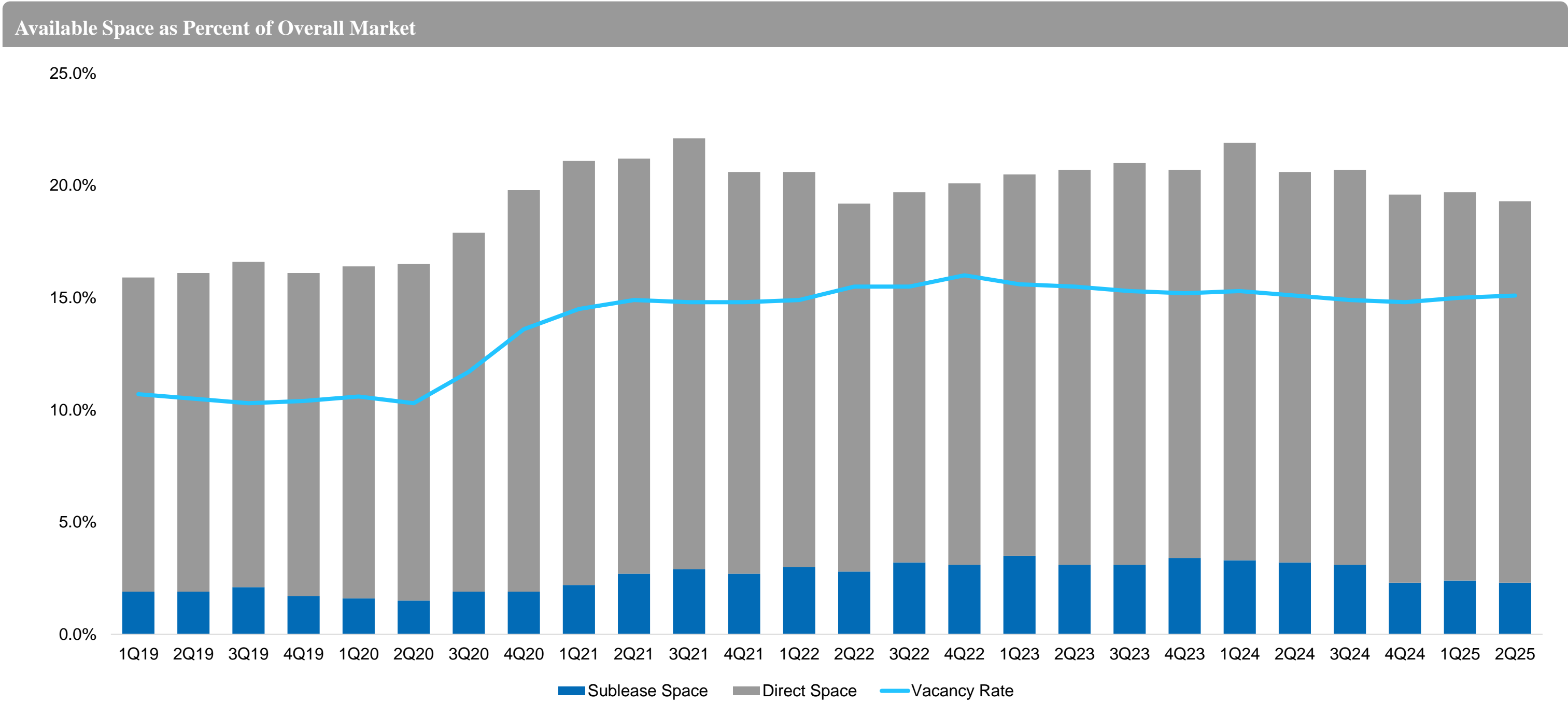
Leasing activity in the second quarter of 2025 decreased by 12.4% quarter over quarter to 666,816 SF, remaining 31.6% lower than the 16-year second-quarter average volume of 975,120 SF. Deal size averaged 3,004 SF in the second quarter, reflecting a 235 SF increase quarter over quarter and the second consecutive quarter of average deal size increases. Despite this, deal size remains below the pre-pandemic average of 3,614 SF, signaling tenant's continued preference for smaller spaces.



Source: Newmark Research, CoStar

Overall Availability Decreases as Sublease and Direct Availability Fall

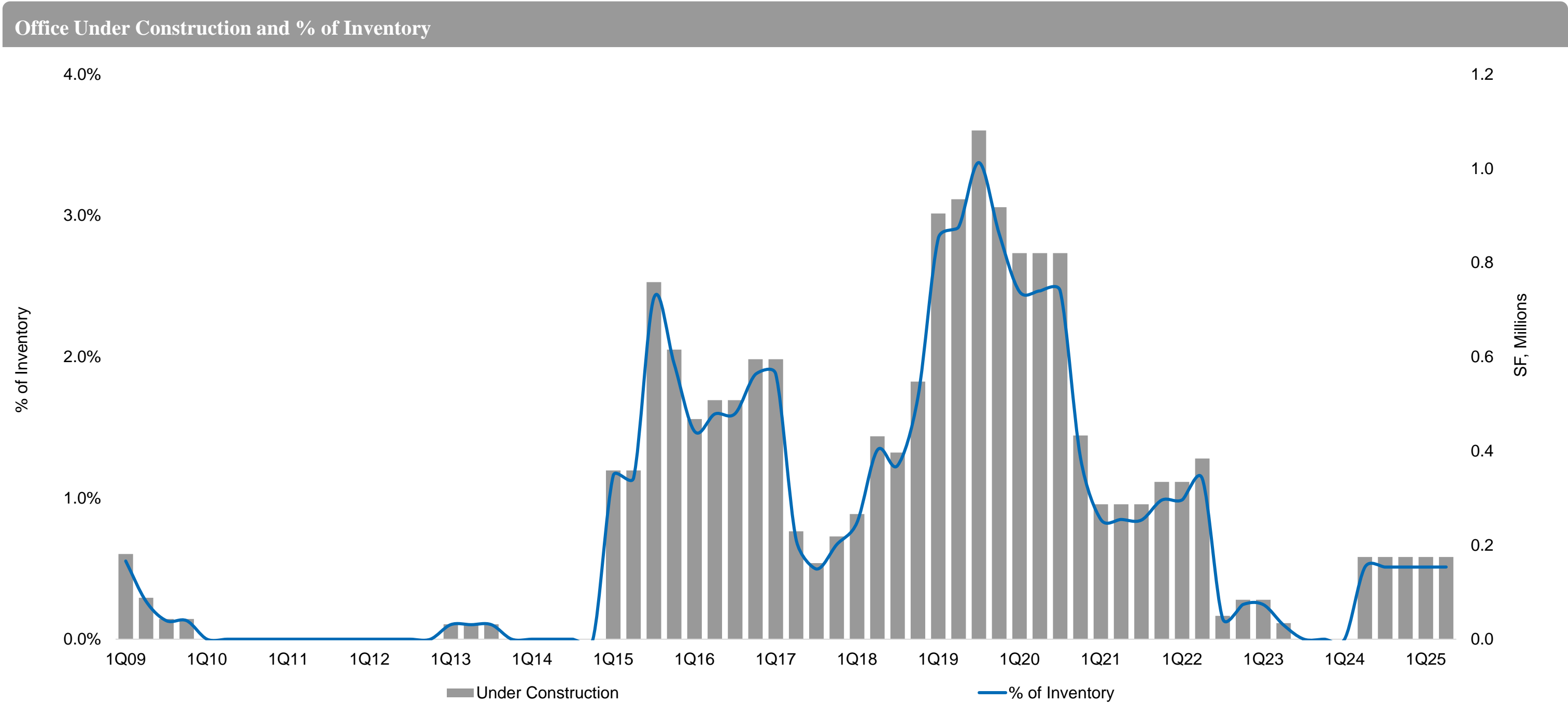
Sublease availability in Broward has remained elevated since the pandemic, peaking in the first quarter of 2023 but steadily trending downward since. Direct availability decreased by 30 basis points quarter over quarter to 17.0%. This contributed to a 40-basis-point decline in total availability, which fell to 19.3% by the end of the second quarter of 2025. Meanwhile, the total vacancy rate inched up by 10 basis points quarter over quarter to 15.1%.



Source: Newmark Research, CoStar

Construction Activity Remains Unchanged

The Broward market had 174,790 SF under construction at the end of the second quarter of 2025, unchanged for the fifth consecutive quarter. The pipeline consists of a single project, T3 FAT Village East, being developed by Hines in the Fort Lauderdale CBD submarket and is expected to deliver in late 2026. The current volume of construction activity represents a sharp decline from the 1.1 MSF peak observed in 2019. The more muted level of construction, representing only 0.5% of inventory, should keep supply more in balance with demand.

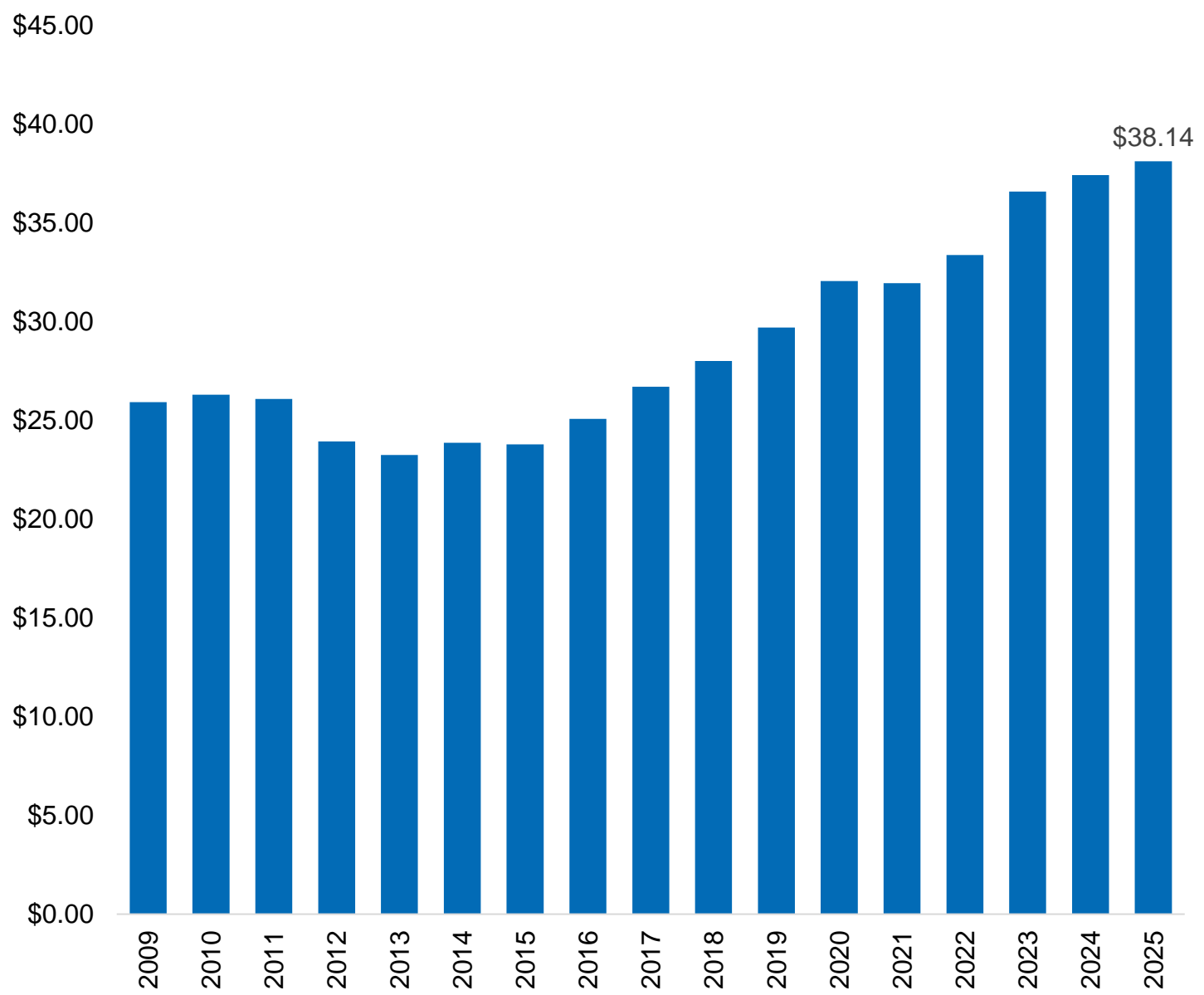


Source: Newmark Research, CoStar

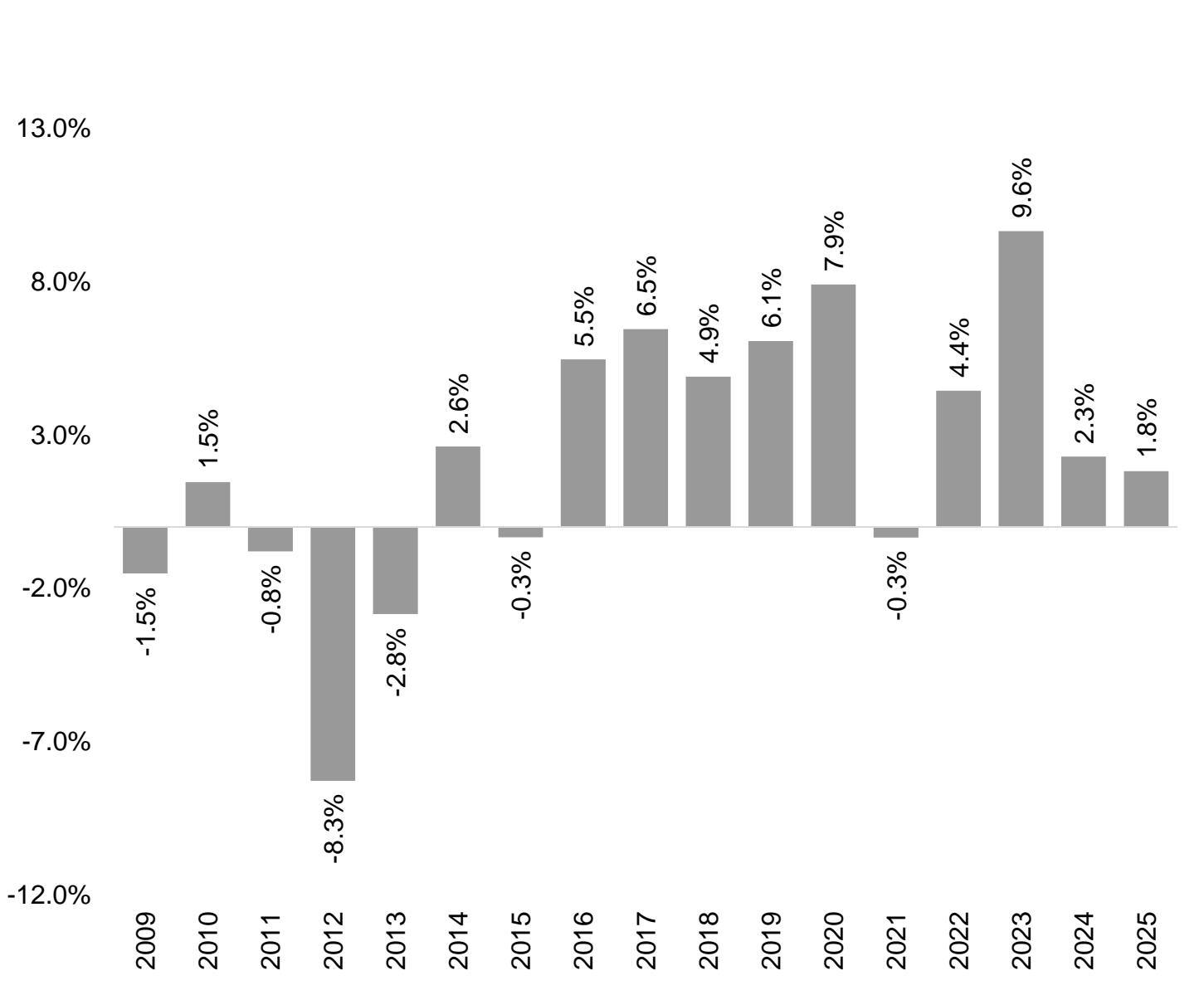
Asking Rents Increase To New High

In the second quarter of 2025, average asking rents increased by 1.1% quarter over quarter to \$38.14/SF, reaching a new all-time high. Rents increased 1.8% year over year maintaining the trend of positive rental rate growth, albeit at a slower rate.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

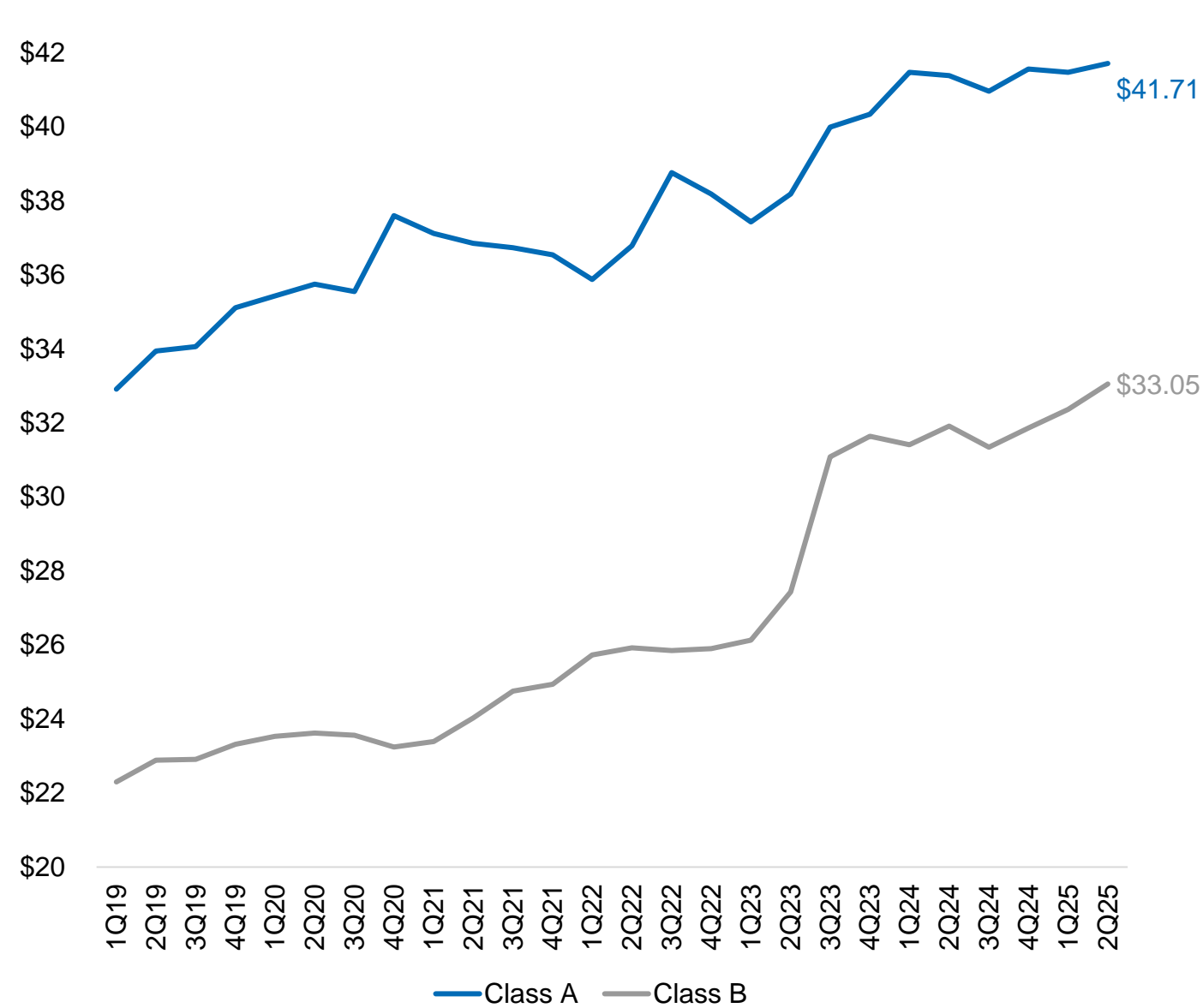


Source: Newmark Research, CoStar

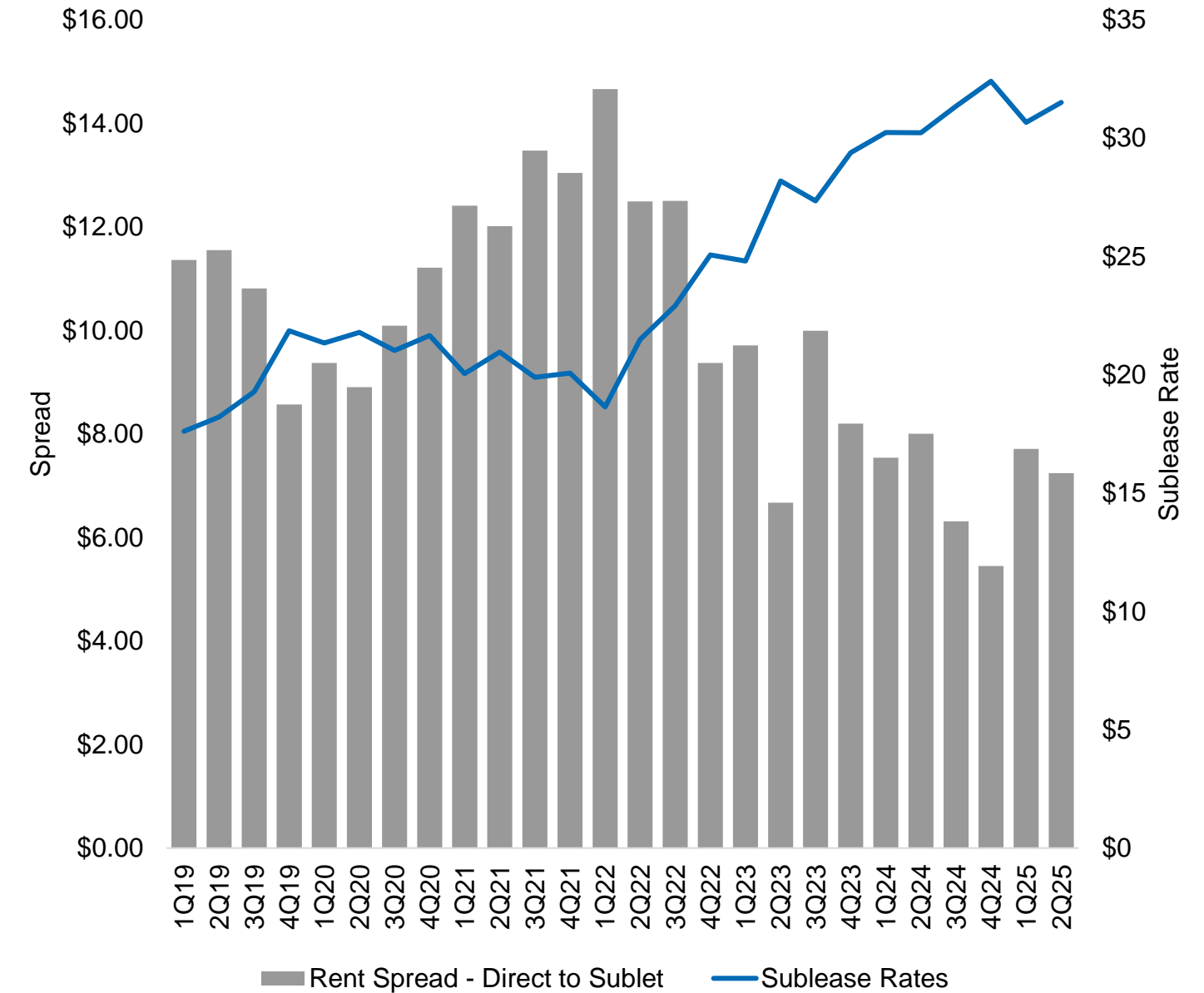
Class A and Class B Rents Reach New High as Spread Continues to Tighten

As of the second quarter of 2025, Class A average asking rents ended at \$41.71/SF, a new all-time high and reflecting a 0.6% quarter over quarter increase. Class B asking rents increased by 2.1% quarter over quarter to reach \$33.05/SF, also a new high. The rent gap between the two classes contracted by 4.9% quarter over quarter to \$8.66/SF, marking the second consecutive quarter the rent spread has tightened. Meanwhile, sublease rates increased by 2.8% quarter over quarter to \$31.51/SF in the second quarter of 2025.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Tenants Remain In Their Spaces As Office Demand Remains High

All of the top five deals for the second quarter of 2025 were renewals or extensions, highlighting the demand for office space in Broward County. The quarter saw a decrease in the number of deals signed compared to the previous quarter but the average deal size increased by 235 SF, reaching an average of 3,005 SF. This marks the second consecutive quarter where deal size increased.

Notable 2Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
South Florida Community Care	Sawgrass Technology Park	Sawgrass Park	Renewal	35,962
South Florida Community Care provides a variety of medical services and is based in Sunrise, FL. The company has been at the space since 2018 and has recently reaffirmed its commitment to the space by renewing their lease.				
Tripp Scott P.A	110 Tower – 110 SE 6 th St	Fort Lauderdale CBD	Extension	30,596
Attorneys at law that have been providing their services to South Florida and beyond for over 50 years have chosen to extend their lease.				
Hazen and Sawyer	4000 Hollywood Blvd	Hollywood	Renewal	16,312
Hazen and Sawyer, who have provided water solutions for over 74 years, have occupied this building since June 2013 and have renewed their lease.				
Solstice Benefits Inc	Southpointe – 7901 SW 6 th Ct	Plantation	Renewal	15,985
Solstice Benefits, a provider of dental vision, and life benefits, has renewed its lease at the building it has called home since 2010.				
Maersk Agency USA Inc.	2801 SW 149 th Ave	SW Broward	Renewal/Contraction	14,156
The company is second largest shipping container company in the world and the 8 th most valuable logistics company according to Brand Finance. Maersk has occupied the space since 2014 and has recently renewed its lease.				

Source: Newmark Research, CoStar

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Supplemental Information



Broward Office Market



- Broward is a global gateway, attracting international businesses and investors.
- The region has a diverse economy, with strong sectors in logistics, business, and healthcare.
- Broward's office market is strong, with a high level of demand for office space.

- Broward's economy is strong, with just 12.1% of buildings constructed within the past 10 years.
- Despite lower rents than other South Florida markets, current rental costs of \$18.00/RSF can be a deterrent for some businesses.

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- Continued expansion of the tech sector offers significant opportunities for office space demand.
- Investment in rebuilding older office buildings can attract new tenants.
- Increasing demand for flexible and co-working spaces presents new business opportunities.
- Landlords are offering generous lease incentives to attract tenants.
- Lower rents offer opportunities to new tenants compared to other South Florida markets.

- Fluctuating economic conditions could reduce already weak office space demand.
- The rise of remote work may decrease long-term demand for traditional office space.
- Competitive markets like Miami may attract businesses away from Broward.
- Rising construction costs and tighter financial conditions could hinder new office buildings.
- Uncertainty regarding trade policy could undermine overall demand.

2Q25 South Florida Office Market Overview

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	2019	2020	2021	2022
Revenue	100	100	100	100
Operating expenses	80	80	80	80
Operating income	20	20	20	20
Non-operating income	0	0	0	0
Income before taxes	20	20	20	20
Income taxes	5	5	5	5
Net income	15	15	15	15

Lack of New Inventory Leads to Tight Market

Construction and manufacturing activity is slowing in many smaller markets with high supply, especially cost building. The combination, along with an aging inventory and a lack of new construction, has caused inventory levels to decline to 11.2% in the second quarter of 2020, reflecting a 13-month unit decrease over year 2019. This is especially true for the 100,000 square foot units to 1,000,000 square foot units that have seen the most decline since the second quarter of 2019.



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Broward Office Submarket Overview—All Classes

Broward Office Submarket Overview—All Classes									
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Class A	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class B	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class C	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

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Class D	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class E	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class F	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class G	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class H	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class I	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class J	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class K	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class L	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Class M	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Source: Newmark Research

Broward Office Submarket Overview—Class A

Broward Office Submarket Overview—Class A						
	2019 Occupancy	2020 Occupancy	2021 Occupancy	2022 Occupancy	2023 Occupancy	2024 Occupancy
Class A Office	88%	85%	82%	80%	78%	75%
Class B Office	85%	82%	79%	76%	73%	70%

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Class A Office	88%	85%	82%	80%	78%	75%
Class B Office	85%	82%	79%	76%	73%	70%
Class C Office	82%	79%	76%	73%	70%	67%
Class D Office	79%	76%	73%	70%	67%	64%
Class E Office	76%	73%	70%	67%	64%	61%
Class F Office	73%	70%	67%	64%	61%	58%
Class G Office	70%	67%	64%	61%	58%	55%
Class H Office	67%	64%	61%	58%	55%	52%
Class I Office	64%	61%	58%	55%	52%	49%
Class J Office	61%	58%	55%	52%	49%	46%

Source: Newmark Research

Broward Office Submarket Overview—Class B

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Broward Office Submarket Map

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